This was a bitter blow to the President. Not only did it smash all his hopes of remaining on good neutral terms with both belligerent sides, but it *Germany's* more than hinted that Germany was *fo?America* contemptuous of America's .power. She had made her calculation, and concluded that the United States were so impotent for effective intervention that they would be less dangerous to her as an enemy she could disregard, than as a neutral with authority to hold up her submarine campaign.

Germany reckoned that six months of unrestricted submarine warfare would force Britain to her knees, and that America would be unable to intervene actively on the Allied side for a year. Long before then, the War would have been won. If a German peace had not been attained by that time, America would be safely isolated, for there would be no shipping available to transport her armies to the battle area.

In addition, Bernstorff wrote a private letter to Colonel House,* apprising him of the German Government's decision, and confiding to him in general outline the peace terms which Germany would consider—terms which showed what " a Peace without Victory" would have brought to Europe.

He explained that these were not being made public, because " our enemies have published such terms which aim at the dishonour and destruction of Germany and her allies. My Government considers

that as long as our enemies openly proclaim such terms, it would show weakness, which does not exist, on our part, if we publish our terms, and we would in so doing only prolong the War."

* The full text of this letter is given on p. 1117